



Department of Justice

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ZEON CHEMICALS AGREES TO PLEAD GUILTY TO PRICE FIXING IN SYNTHETIC RUBBER CONSPIRACY

Company Also Agrees To Pay a \$10.5 Million Criminal Fine

WASHINGTON, D.C. – Zeon Chemicals L.P., a Kentucky-based wholly owned subsidiary of Zeon Corporation of Tokyo, Japan, has agreed to plead guilty and to pay a \$10.5 million criminal fine for participating in a conspiracy to fix prices of synthetic rubber used to manufacture a variety of products including automotive parts, the Department of Justice announced today.

The rubber, acrylonitrile-butadiene, which is also known as NBR, is also used to manufacture hoses, belting, cable, o-rings, seals, adhesives, and sealants.

According to the one-count felony charge filed in the U.S. District Court in San Francisco, Zeon conspired from May 2002 through December 2002 with unnamed co-conspirators to suppress and eliminate competition in the market for NBR in the United States and elsewhere. Under the plea agreement, which must be approved by the court, Zeon has agreed to assist the government in its ongoing investigation.

“Today’s charge is part of our continuing effort to eliminate illegal cartel activity among chemical manufacturers,” said Scott D. Hammond, the Antitrust Division’s Acting Deputy Assistant Attorney General for Criminal Enforcement.

The Department charged that Zeon and unnamed co-conspirators carried out the conspiracy by:

- Participating in conversations and meetings to discuss prices of NBR to be sold in the United States and elsewhere;
- Agreeing, during those conversations and meetings, to raise and maintain prices of NBR to be sold in the United States and elsewhere; and
- Issuing price announcements and price quotations in accordance with the agreements reached.

Zeon was charged with violating Section 1 of the Sherman Act, which carries a maximum fine of \$10 million for corporations and a maximum penalty of three years imprisonment and a fine of \$350,000 for individuals for violations occurring before June 22, 2004. The maximum statutory fine may be increased to twice the gain the conspirators derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's charge is the result of an ongoing investigation being conducted by the Antitrust Division's San Francisco Field Office and the Federal Bureau of Investigation in San Francisco.

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